

## Message Text

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W

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O 200450Z SEP 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 5178

C O N F I D E N T I A L PANAMA 5779

EXDIS

E.O. 11652: GDS

TAGS: PFORN, PAN

SUBJECT: PANAMANIAN DISCLOSURE OF NEGOTIATIONS DETAILS

REFS: BUNKER-JORDEN AND JORDEN WYROUGH TELECONS

1. MESSAGE FRO SECSTATE WAS WARMLY WELCOMED BUT CAME TOO LATE TO FORESTALL PANAMANIAN DISCLOSURE OF MANY DETAILS OF TREATY NEGOTIATIONS. HAVE JUST SECURED COPY OF PRESS RELEASE WHICH WENT TO PANAMANIAN PRESS SHORT TIME AGO AND WILL APPEAR IN MORNING PAPERS.

2. AMBASSADOR GONZALEZ-REVILLA, IN DESCRIBING PANAMA'S ACTIONS JUST BEFORE SENDING ME COPY OF RELEASE, DESCRIBED IT AS A "CLEARING OF THE AIR" DOCUMENT. HE SAID THERE HAD BEEN SO MANY RUMORS, LEAKS AND WILD SPECULATIONS THAT HIS CHIEF OF GOVERNMENT FELT THAT PEOPLE HAD TO HAVE QUOTE REAL PICTURE UNQUOTE OF JUST WHERE NEGOTIATIONS STAND, WHAT HAS BEEN AGREED AND WHAT REMAINS TO BE SETTLED. DOCUMENT ADDS UP TO EGREGIOUS VIOLATION OF AGREEMENT TO KEEP ESSENTIALS OF NEGOTIATIONS CONFIDENTIAL. IT IS ALSO WORST REPUDIATION TO DATE OF OUR FREQUENTLY STATED QUOTE NO SURPRISES UNQUOTE APPROACH TO TREATY MATTERS. ON LATTER, PANAMANIAN CLAIM BIGGEST SURPRISE THEY HAVE HAD IN LAST YEAR WAS SECRETARY'S ORLANDO STATEMENT CLAIMING UNILATERAL U.S. DEFENSE RIGHTS FOR INDEFINITE TIME. HOWEVER, AS I EXPLAINED, THAT WAS QUICKLY CLARIFIED.

3. BIGGEST QUESTION I SEE IN THIS DEVELOPMENT IS WHETHER, IN  
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FACT, PANAMA WISHES TO SEE NEGOTIATIONS TERMINATED FOR TIME

BEING. I HAVE NOT SEEN OR HEARD ANYTHING THAT WOULD SUPPORT THAT THESIS. AT THE SAME TIME, IT IS DIFFICULT TO BELIEVE THAT THEY WOULD NOT HAVE FORESEEN THAT AS A DISTINCT POSSIBILITY FLOWING FROM THEIR UNILATERAL EXPOSURE OF KEY NEGOTIATING ISSUES.

4. I HAVE BEEN TRYING TO GET THE AMBASSADOR BACK ON THE PHONE TO EXPRESS MY OWN DISMAY AND DISPLEASURE WITH THE COURSE THEY HAVE CHOSEN BUT HE IS NOW QUOTE OUT UNQUOTE, FOR WHICH I READ QUOTE HE DOESN'T WANT TO TALK UNQUOTE. TORRIJOS AND EVERYONE ELSE OF CONSEQUENCE SEEMS TO BE QUOTE OUT UNQUOTE AS WELL.

5. WHAT FOLLOWS ARE KEY ELEMENTS IN PANAMANIAN PRESS RELEASE, ISSUED UNDER IMPRIMATUR OF MINISTRY OF FOREIGN AFFAIRS. FULL TEXT OF RELEASE FOLLOWS SEPTTEL.

6. POINTS OF AGREEMENT:

A. JURISDICTION: AGREED THAT 3 YEARS AFTER NEW TREATY, CANAL ZONE DISAPPEARS AND PANAMA ASSUMES JURISDICTION OVER SAID TERRITORY. SPECIFICALLY AGREED: I) CANAL ZONE GOVERNMENT WILL NOT EXIST; II) NORTH AMERICAN POLICE WILL NOT EXIST SINCE NATIONAL GUARD WILL ASSUME THESE FUNCTIONS; III) NORTH AMERICAN LAWS, COURTS AND JUSTICES WILL NOT EXIST, ONLY PANAMANIAN LAW WILL APPLY; IV) FIRE SERVICES, ISSUANCE OF LICENCES, PLATES AND MAIL SERVICE WILL BE CARRIED OUT EXCLUSIVELY BY PANAMA; V) BORDERS WILL NOT EXIST AND NO MAP WILL CARRY DESIGNATION "CANAL ZONE".

B. ADMINISTRATION: I) PANAMA CANAL COMPANY DISAPPEARS AND ENTITY WILL BE CREATED WITH REPRESENTATION OF BOTH COUNTRIES; II) PANAMANIAN WORKERS CAN RISE TO ALL POSITIONS RELATING TO CANAL OPERATION, MAINTENANCE, SANITATION AND ADMINISTRATION; III) EMPLOYMENT OF PANAMANIAN WILL GROW SO THAT AT TERMINATION OF TREATY, CANAL WILL BE OPERATED EXCLUSIVELY BY PANAMANIAN.

C. DEFENSE: I) CANAL DEFENSE JOINTLY BY BOTH COUNTRIES; IN CASE OF ARMED ATTACK BY THIRD POWER US WILL HAVE PRIMARY RIGHT FOR DEFENSE FOR LIFE OF TREATY; II) PANAMANIAN MILITARY PARTICIPATION WILL GROW AND THAT OF US DECREASE; III) NO NUCLEAR ARMS UNDER ANY CIRCUMSTANCES IN ISTHMUS, NOR USE OF TERRITORY FOR

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ACTS OF AGRESSION; IV) INCORPORATION OF CONCEPT OF NEUTRALITY OF CANAL.

7. POINTS OF DISAGREEMENT:

A. DURATION: PANAMA PROPOSES DURATION NOT EXTEND BEYOND END OF CENTURY. US, IN LAST PROPOSAL, ACCEPTS 25 YEARS FOR DURATION OF CANAL TREATY BUT 50 YEARS FOR DEFENCE. IN ADDITION,

INSISTS THAT AFTER 50 YEARS US HAVE RIGHT TO CONTINUE DEFENDING CANAL FOR INDEFINITE PERIOD, WHICH IS EQUIVALENT OF PERPETUITY. PANAMA HAS REJECTED THIS PROPOSAL.

B. DEFENSE SITES: US PROPOSES MAINTAIN 14 PRESENT MILITARY BASES. AS NEGOTIATING POSITION, PANAMA PROPOSES UP TO THREE DEFENSE SITES, AND THESE NOT NEAR CITIES OF PANAMA AND COLON, WITHIN PROGRAM FOR DISMANTLEMENT DURING TREATY PERIOD.

C. LANDS AND WATERS: PANAMA PROPOSES FOR OPERATION OF CANAL AN AREA BORDERING CANAL (ALSO UNDER PANAMANIAN JURISDICTION) FOR FACILITIES, EQUIVALENT ABOUT TO 10 PER CENT OF PRESENT ZONE. US PROPOSES FOR ADMINISTRATION AND DEFENSE LANDS AND WATERS EQUIVALENT TO 85 PERCENT OF PRESENT ZONE. PANAMA HAS REJECTED THIS PROPOSAL. PANAMA PROPOSES PORTS OF BALBOA AND CRISTOBAL PASS TO PANAMANIAN ADMINISTRATION. PARTICIPATION OF CANAL ENTITY WOULD BE PERMITTED FOR OPERATION OF CANAL AND TRANSIT OF SHIPS. US PROPOSES CANAL ENTITY MAINTAIN CONTROL OF PORTS. PANAMA HAS REJECTED THIS PROPOSAL.

D. COMPENSATION: US PROPOSES SYSTEM OF ANNUITY BASED ON TONNAGE AMOUNTING TO ABOUT 35 MILLION BALBOAS ANNUALLY. PANAMA HAS REJECTED THIS PROPOSAL, AND INSISTS THAT THIS BE DISCUSSED ONLY AFTER AGREEMENT ON JURISDICTION AND DEFENCE.

E. EXPANSION OR NEW WORKS. TACK-KISSINGER DECLARATION AGREED BOTH COUNTRIES WOULD ARRANGE IN NEW TREATY FOR EXPANSION OF PRESENT CANAL OR SEA LEVEL CANAL. NEVERTHELESS, IN LAST PRESENTATION, US PROPOSES UNILATERAL RIGHT TO EXPANSION OF CANAL OR NEW WORKS. PANAMA HAS REJECTED THIS PROPOSAL.

F. NEUTRALITY: PANAMA HAS PROPOSED CANAL NEUTRALITY BE ACCOMPLISHED AND GUARANTEED BY ALL COUNTRIES THROUGH UN. US HAD ACCEPTED THIS, BUT IN ITS LAST PROPOSAL VARIED THIS POSITION AND SUGGESTED  
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MAINTAINING THAT WHICH THEY UNDERSTOOD AS NEUTRALITY IN EXCLUSIVE INTERESTS OF US. PANAMA HAS REJECTED THIS PROPOSAL.  
END SUMMARY.  
JORDEN

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, PANAMA CANAL TREATY, PRESS RELEASES  
**Control Number:** n/a  
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**Draft Date:** 20 SEP 1975  
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